



8011-01
SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32293; 812-14538]

Virtus Alternative Solutions Trust, et al.; Notice of Application

September 28, 2016

Agency: Securities and Exchange Commission (“Commission”).

Action: Notice of an application under section 6(c) of the Investment Company Act of 1940 (“Act”) for an exemption from section 15(a) of the Act and rule 18f-2 under the Act, as well as from certain disclosure requirements in rule 20a-1 under the Act, Item 19(a)(3) of Form N-1A, Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A under the Securities Exchange Act of 1934, and Sections 6-07(2)(a), (b), and (c) of Regulation S-X (“Disclosure Requirements”). The requested exemption would permit an investment adviser to hire and replace certain sub-advisers without shareholder approval and grant relief from the Disclosure Requirements as they relate to fees paid to the sub-advisers. The order would also supersede prior orders.¹

Applicants: Virtus Alternative Solutions Trust, Virtus Equity Trust, Virtus Insight Trust, Virtus Opportunities Trust, Virtus Retirement Trust and Virtus Variable Insurance Trust (each, a “Trust”), each registered under the Act as an open-end management investment company with multiple series (each, a “Series”) and each a Delaware statutory trust, except Virtus Insight Trust, a Massachusetts business trust, and Virtus Alternative Investment Advisers, Inc., a Connecticut corporation, Virtus Investment Advisers, Inc., a Massachusetts corporation, and Virtus Retirement Investment Advisers, LLC, a Delaware limited liability company, each registered as

¹ Virtus Alternative Solutions Trust et al., Investment Company Act Release Nos. 30986 (March 19, 2014) (notice) and 31014 (April 15, 2014) (order); Phoenix Equity Trust et al., Investment Company Act Release Nos. 28375 (September 3, 2008) (notice) and 28410 (September 29, 2008) (order).

an investment adviser under the Investment Advisers Act of 1940 (each, an “Advisor,” and, collectively with the Trusts, the “Applicants”).

Filing Dates: The application was filed August 21, 2015, and amended February 12, 2016, August 9, 2016, and September 9, 2016.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on October 24, 2016, and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0-5 under the Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission’s Secretary.

Addresses: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090. Applicants: c/o James E. Thomas, Esq., Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199.

For Further Information Contact: Kaitlin C. Bottock, Senior Counsel, at (202) 551-8658, or Daniele Marchesani, Branch Chief, at (202) 551-6821 (Division of Investment Management, Chief Counsel’s Office).

Supplementary Information: The following is a summary of the application. The complete application may be obtained via the Commission’s website by searching for the file number, or an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551-8090.

Summary of the Application

1. An Advisor will serve as the investment adviser to the Subadvised Series pursuant to an investment advisory agreement with the Trust (each, an “Investment Management Agreement”).² The Advisor will provide the Subadvised Series with continuous and comprehensive investment management services subject to the supervision of, and policies established by, each Subadvised Series’ board of trustees (the “Board”). Each Investment Management Agreement permits the Advisor, subject to the approval of the Board, to delegate to one or more Sub-Advisors the responsibility to provide the day-to-day portfolio investment management of each Subadvised Series, subject to the supervision and direction of the Advisor.³ The primary responsibility for managing the Subadvised Series will remain vested in the Advisor. The Advisor will hire, evaluate, allocate assets to and oversee the Sub-Advisors, including determining whether a Sub-Advisor should be terminated, at all times subject to the authority of the Board.

2. Applicants request an exemption to permit the Advisor, subject to Board approval, to hire a Non-Affiliated Sub-Advisor or a Wholly-Owned Sub-Advisor, pursuant to Sub-Advisory Agreements and materially amend Sub-Advisory Agreements with Non-Affiliated

² Applicants request that the relief sought herein apply to the named Applicants, as well as to any future Series and any other existing or future registered open-end management investment company or series thereof that intends to rely on the requested order in the future and that (i) is advised by an Advisor, its successors, and any entity controlling, controlled by or under common control with an Advisor or its successors (included in the term “Advisor”), (ii) uses the multi-manager structure described in this application, and (iii) complies with the terms and conditions of this application (each, a “Subadvised Series”). For the purposes of the requested order, “successor” is limited to an entity resulting from a reorganization into another jurisdiction or a change in the type of business organization.

³ A “Sub-Advisor” for a Series is (1) an indirect or direct “wholly-owned subsidiary” (as such term is defined in the Act) of the Advisor for that Series, or (2) a sister company of the Advisor for that Series that is an indirect or direct “wholly-owned subsidiary” (as such term is defined in the Act) of the same company that, indirectly or directly, wholly owns the Advisor (each of (1) and (2) a “Wholly-Owned Sub-Advisor”), or (3) an investment sub-adviser for that Series that is not an “affiliated person” (as such term is defined in Section 2(a)(3) of the Act) of the Series or the Advisor, except to the extent that an affiliation arises solely because the Sub-Advisor serves as a sub-adviser to one or more Series (each a “Non-Affiliated Sub-Advisor”).

Sub-Advisors and Wholly-Owned Sub-Advisors without obtaining the shareholder approval required under section 15(a) of the Act and rule 18f-2 under the Act.⁴ Applicants also seek an exemption from the Disclosure Requirements to permit a Subadvised Series to disclose (as both a dollar amount and a percentage of the Subadvised Series' net assets): (a) the aggregate fees paid to the Advisor and any Wholly-Owned Sub-Advisors; (b) the aggregate fees paid to Non-Affiliated Sub-Advisors; and (c) the fee paid to each Affiliated Sub-Advisor.

3. Applicants agree that any order granting the requested relief will be subject to the terms and conditions stated in the application. Such terms and conditions provide for, among other safeguards, appropriate disclosure to Subadvised Series' shareholders and notification about sub-advisory changes and enhanced Board oversight to protect the interests of the Subadvised Series' shareholders.

4. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction or any class or classes of persons, securities, or transactions from any provisions of the Act, or any rule thereunder, if such relief is necessary or appropriate in the public interest and consistent with the protection of investors and purposes fairly intended by the policy and provisions of the Act. Applicants believe that the requested relief meets this standard because, as further explained in the application, the Investment Management Agreements will remain subject to shareholder approval, while the role of the Sub-Advisors is substantially equivalent to that of individual portfolio managers, so that requiring shareholder approval of Sub-Advisory Agreements would impose unnecessary delays and expenses on the Subadvised Series. Applicants believe that the requested relief from the Disclosure Requirements meets this

⁴ The requested relief will not extend to any sub-adviser, other than a Wholly-Owned Sub-Advisor, who is an affiliated person, as defined in section 2(a)(3) of the Act, of the Subadvised Series or the Manager, other than by reason of serving as a sub-adviser to one or more of the Subadvised Series ("Affiliated Sub-Advisor").

standard because it will improve the Advisor's ability to negotiate fees paid to the Sub-Advisors that are more advantageous for the Subadvised Series.

For the Commission, by the Division of Investment Management, under delegated authority.

Robert W. Errett
Deputy Secretary

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